

Cause No.: S/M/92/07

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF SAINT JOHN

BETWEEN:

IN THE MATTER OF THE COMPANIES
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C-36, AS AMENDED

and

IN THE MATTER OF THE APPLICATION OF
ATLANTIC YARNS INC., a body corporate and
ATLANTIC FINE YARNS INC., a body
corporate

COURT OF QUEEN'S BENCH
CLERK / SAINT JOHN

REC'D
REGU

MAY 27 2008

FILED
DEPOSE

COUR DU BANC DE LA REINE
GREFFIER / SAINT-JEAN

ORDER

UPON READING the Notice of Motion of the Applicants filed April 8th, 2008 (the "Motion"), the Affidavit of Pasqual Alles sworn April 8, 2008, the Fourth Report of the Monitor dated March 28th, 2008 and the Fifth Report of the Monitor dated April 3rd, 2008;

UPON HEARING Joshua J.B. McElman, Counsel for the Applicants;

UPON HEARING John Logan, Counsel for the Province of New Brunswick;

UPON HEARING M. Robert Jette, Q.C., Counsel for GE Canada Finance Holding Company;

AND UPON HEARING Robert C. Smith, Court appointed Monitor in this matter;

AND WHEREAS at the hearing of the Applicants' motion on April 11, 2008, the Monitor recommended an adjournment of the Motion for a period of 45 days to provide an opportunity for discussions to proceed between GE Canada Finance Holding Company, the Applicants and others;

AND WHEREAS the adjournment recommended by the Monitor and granted on April 11, 2008 was until May 27, 2008 and the Monitor has recommended a further adjournment of the hearing until June 27, 2008, or such other date as this Court may order, to provide a further opportunity for discussions to proceed between GE Canada

I certify that this is a true copy of the original on
file in the Court Office, Judicial District of Saint John
Dated this 27 day of May, 2008
Kathleen Tobin
Kathleen Tobin, under written authorization of
The Registrar dated the 21st day of December 2007



RB
TCOB

Finance Holding Company, the Applicants and others and to allow the Applicants to finalize their plans for financing and restarting their operations;

AND WHEREAS the Applicants, GE Canada Finance Holding Company, First Treasury Financial Inc. and the Province of New Brunswick accept the Monitor's recommendation;

IT IS ORDERED THAT:

Defined Terms

1. All terms defined in this Court's Initial Order dated October 26th, 2007 (the "Initial Order") shall have the same meaning when used in this Order.

Service

2. As no parties filed a Notice of Appearance in accordance with the Creditors Meeting Order dated February 20, 2008, no further notice need be served with respect to the hearing of this Motion. The Monitor shall post a notice of the adjournment on its website.

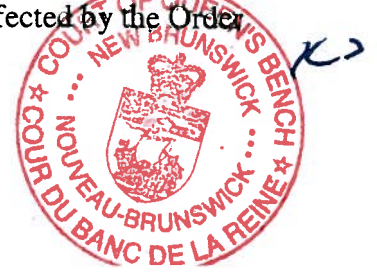
Extension of Stay of Proceedings & Adjournment

3. The Stay Termination Date, as stipulated in paragraph 3 of the Initial Order, is hereby extended from June 15, 2008 at 5:00 p.m. AST, to July 15, 2008 at 5:00 p.m. AST or such later date as this Court may order.
4. The Motion is hereby adjourned until JUNE 27, 2008 at 9:30 a.m./~~p.m.~~ or such later date as this Court may order.

ALC
TCQB

Insurance

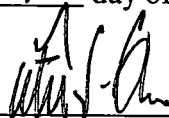
5. The Order of this Court dated January 31, 2008 ordering that all Persons shall continue to provide and maintain all policies of insurance in respect of the Applicants, or either of them, on the same terms and conditions existing as of October 26, 2007 until at least April 15, 2008 at 5:00 p.m., as extended by Order of this Court until June 15, 2008, is further extended and all policies of insurance shall be provided and maintained until at least July 15, 2008 at 11:59 p.m. AST on the terms of insurance currently in place.
6. Any Person providing or maintaining policies of insurance may apply to this Court to vary or rescind paragraph 5 of this Order or seek other relief on five days notice to the Applicants and the Monitor and to any other Person likely to be affected by the Order sought or on such other notice, if any, as this Court may order.



General

7. This Order or the Applicants' acceptance of the Monitor's recommendation to adjourn the Motion shall not be a bar to any argument, or any defence to any argument, advanced by the Applicants or any other party.
8. No further evidence with respect to the Motion shall be presented or filed without leave of the Court.
9. Any appeal, proceeding and/or action related to the Applicants or any matter dealt with by this Court in the proceedings under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 in this matter shall be unaffected and shall not be pursued until further Order of this Court.

DATED at Saint John, New Brunswick this 27TH day of May, 2008.



Judge of the Court of Queen's Bench
of New Brunswick

